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Capital and Capitalistic Organization

Business Organization and Combination. By LEWIS H. HANEY.
(New York: The Macmillan Company. 1913. Pp. xiv,
483. \$2.00.)

This book is an exceptionally fine description and analysis of the principal forms of business organization and their relations to social life and public policy. The author discusses the nature, extent, advantages and disadvantages of such business units as the individual entrepreneur, partnership, joint-stock company, and the corporation. Combinations of these forms for the purpose of controlling price or successive stages of production are similarly treated from simple price agreements to complete consolidations (mergers and amalgamations). The structure of a typical business corporation and the processes of promotion, underwriting, marketing of securities, reorganization, and receivership are described and analyzed. The author's treatment of the corporation and trust problems, with which the book closes, is intimately related to this analysis.

An important truth emphasized in this book, but too often lost sight of, is the fact that the corporation problem is intimately wrapped up in the "trust problem." The corporation should not be a sort of disguise which may be put on to shun social responsibilities. To remedy the evils growing out of this evasion of social obligations several provisions are enumerated, among which are the simplification of securities, the requirement that officers and directors hold sufficient stock to insure a reasonable interest in the business and that certain limitations be placed upon their power to transfer this stock, more adequate reports to stockholders, and considerable curtailment of the power of proxies. In authorizing consolidations the merger or amalgamation should be favored over the holding company, which lends itself too readily to undemocratic control.

The author recognizes that competition as a regulator of prices has its limitations. There is a large group of industries in which competition cannot normally exist, the so-called "natural monopolies"; and for them some plan of regulation with reference to services, prices, and methods of accounting should be devised similar to that being worked out in various states for public service corporations. In other fields competition should be preserved, but should be reasonable, ethical, and economical. Devices

which abridge legitimate competition, like terrorism and local underselling, should be prohibited and penalized. Subject to certain limitations, agreements to coöperate in the matter of selling may be authorized, especially in industries where legitimate competition tends to become excessive or cut-throat.

Most writers in treating business organizations have limited their field to certain industries or to particular phases of what is commonly known as the "trust problem." Such matters as the financing of corporations, the influence of combinations on prices, the question of the industrial efficiency of large consolidations, destructive or unfair competition, have all engaged the attention of numerous writers. An analysis of the forms of business organization and of the problems intrinsic in these forms themselves represents a departure from the usual method of treatment and is an important contribution to the study of the subject.

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Regulation of Public Service Companies in Great Britain. By ROBERT H. WHITTEN. (New York: State of New York Public Service Commission for the First District. 1914. Pp. 231.)

Mr. Whitten's report shows the same high grade of work as his book, *Valuation of Public Service Corporations* (cf. REVIEW, vol. III, p. 377). It is careful, exhaustive, and clear; and preserves throughout the evenly balanced judicial attitude which characterizes all of his work. Mr. Whitten makes some comment on the conservatism of the English people. While this conservatism no doubt still applies to such matters as he is dealing with, those who are following the trend of British legislation will probably have their doubts as to how long a conservative policy in the treatment of public utilities will last.

Chapter 1 of the report outlines the powers and practice of Parliament and the Board of Trade in dealing with public service corporations. The next two chapters give an account of the methods and limitations under which capital is procured and show the very interesting provisions under the British system for attempting to preserve competition of capital while at the same time avoiding the economic waste of competition by duplication of plant and ruinous rate wars. Chapter 3, Sales of Shares at